
Closing the Campaign

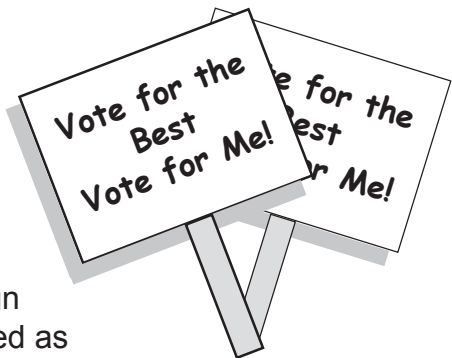
CLOSING THE CAMPAIGN

If the campaign decides to terminate, it must liquidate all assets. The sale of campaign assets such as furnishings and equipment, are reported as “Other Receipts” on “Itemized Receipts” Schedule 1A, in Column 7c of the Election Finance Statement. Any excess funds in the campaign account must be disposed of in a manner permitted by statute (as explained below), and the campaign must file a final report showing a zero balance.

Surplus Campaign Property

Campaign paraphernalia or signs are considered to be of no value to anyone besides the campaign and it is understood that they cannot be liquidated.

However, if these materials are stored by the candidate until the next election and are donated to the new campaign they must be assessed at the fair market value and reported as an in-kind contribution from the candidate to his or her campaign at the start of the next campaign.



Disposition of Unexpended Campaign Funds

KRS 121.180(10)

When the campaign is over and there are unexpended funds in your campaign account, those funds may be disposed of in whole or in part as follows:

- Escheat to the State Treasury;
- Be returned pro rata to all contributors;
- Be transferred to the state or county executive committee of your political party, if you were a partisan candidate;
- Be retained to seek the same office; or
- Be donated to any charitable, nonprofit, or educational institution recognized under Section 501(c)(3) of the U. S. Internal Revenue Code.

Termination Report

A final report must be filed showing that all outstanding debts have been paid, and that the campaign account has a zero balance. The final report may be filed as soon as these requirements have been met. It is not necessary to wait until the next regular reporting deadline. The report form contains a box to mark when the candidate is filing the final report. There is no separate form for termination.

Custodian of Records

The candidate must authorize someone to preserve the campaign's records for six years after the last report has been filed. The Registry should be supplied with the name, mailing address, and phone number of the individual responsible.

Inaugural Committee

If your campaign wishes to have an Inaugural Event, see the following information concerning the registration and reporting required for an inaugural committee.

INTRODUCTION

The 1992 General Assembly made sweeping changes to campaign finance law in Kentucky. Specifically, the legislation brought under the jurisdiction of the Kentucky Registry of Election Finance ("Registry") inaugural activities, by defining inaugural committees and requiring such activities to conform to the provisions of KRS Chapter 121. Prior to raising or spending any funds for the inaugural activities of any candidate, the candidate or persons who are raising or spending funds for inaugural activities must register as an **inaugural committee**. An inaugural committee is defined as one (1) or more persons who receive contributions and make expenditures in support of inauguration activities for any candidate or slate of candidates elected to any state, county, city or district office. KRS 121.015(3)(e).

HOW TO REGISTER AN INAUGURAL COMMITTEE

An individual or group that wishes to form an inaugural committee must file a Committee Registration Form with the Registry **before** any funds are raised or spent on the committee's behalf. KRS 121.170. On the Committee Registration Form, the inaugural committee must appoint a chairman and treasurer, who must be separate persons, must indicate the candidate on whose behalf the committee is organized to support and must designate a bank account from which all financial activity will be conducted. KRS 121.170. To obtain a Committee Registration Form, you may contact the Registry.

CONTRIBUTIONS TO AN INAUGURAL COMMITTEE

Inaugural committees must report the contributions they receive. A contribution means any payment, distribution, loan, deposit, or gift of money or any other thing of value, to an inaugural committee from any source. KRS 121.015(6). A contribution also includes in-kind contributions of goods, advertising or services paid or donated by another person for inauguration activities. KRS 121.015(6); 32 KAR 2:170. A contribution does not include services provided without compensation by individuals volunteering a portion or all of their time on behalf of a committee. KRS 121.015(7); 32 KAR 2:170.

There is no contribution limit imposed on contributions by check or written instrument to an inaugural committee. However, all contributions accepted by an inaugural committee must comply with certain contribution restrictions imposed on committees as provided in KRS 121.150. These limits include:

- No inaugural committee shall accept cash contributions in excess of \$50 from each contributor.
- No inaugural committee shall accept anonymous contributions in excess of \$50 from each contributor or in excess of \$1,000 in the aggregate.
- Corporate contributions are strictly prohibited.
- No inaugural committee shall accept contributions in excess of \$100 from a minor (anyone under 18 years-old).
- No inaugural committee shall accept a contribution made by a person who has received a payment, distribution, loan, advance, deposit or gift of money from another person to contribute on their behalf. KRS 121.150(12) (prohibiting giving in the name of another).

The treasurer of an inaugural committee is required to maintain the same information as required of a campaign treasurer. KRS 121.160, KRS 121.170(3). For each deposit of funds received, the treasurer shall retain a short statement showing the following:

- The amount of each contribution.
- The date each contribution was received.
- For contributions from permanent committees (PACs), regardless of amount, the name, business address, and description of the interest represented.
- For contributions from individuals in excess of \$100, the name, address, occupation and employer.

EXPENDITURES MADE BY AN INAUGURAL COMMITTEE

Expenditures made by an inaugural committee should be directly and primarily in support of the inaugural event. KRS 121.175. All expenditures must be made from the inaugural committee's account. KRS 121.160(2)(a). For any expenditure of twenty-five dollars (\$25) or more, the expenditure must be made by check and an itemized record must be retained and disclosed, including the name, address and occupation of the person or firm to whom the expenditure is made, the date and the amount. KRS 121.160(2); KRS 121.180(6).

REPORTING REQUIREMENTS

An inaugural committee is required to report receipts and disbursements on a form prescribed by the Registry, due on the last day of the first calendar quarter following the committee's registration with the Registry. Reports shall also be due on the last day of each succeeding calendar quarter until the committee terminates its registration. KRS 121.180(6). For all reports, the original, signed report should be filed with the Registry. A copy of the report also must be provided to the county clerk in the county of residence of the candidate on whose behalf the inauguration activity is conducted. KRS 121.180(8)

OTHER DUTIES

The treasurer of an inaugural committee must retain all receipted bills and records for six (6) years from the date the last report is filed. KRS 121.160(2)

PROHIBITIONS

Corporations are strictly prohibited from giving anything of value to an inaugural committee. KRS 121.025, KRS 121.035. Giving anything of value, either directly or indirectly, to any person in consideration of the vote or financial or moral support of that person, or contracting or promising to do so, is strictly prohibited. KRS 121.055. Finally, KRS 121.320 prohibits any person from obtaining or attempting to obtain money by assessment or coercion from any state or federal employee with the purpose of using the money to promote or aid the candidacy of any person.

PENALTIES

Pursuant to KRS 121.990 and 121A.990, knowing violations of the statutes outlined above may result in conviction of a Class D felony, which carries substantial criminal penalties. A failure to file or timely file the required reports may result in civil penalties.

IMPORTANT (Disclaimer)

This publication is intended as a general reference tool and in no way supersedes statutory law or administrative regulations promulgated by the Registry. The Registry recommends a complete reading of the campaign finance laws contained in KRS Chapters 121 and 121A, and the rules contained in Kentucky Administrative Regulations Title 32.